

State Employee Benefits Committee
September 21, 2009, 1:00 p.m.
DHSS, Springer Building, Rooms 1 & 2
New Castle, Delaware

The State Employee Benefits Committee met on September 21, 2009 at the DHSS, Springer Building, Rooms 1 & 2, New Castle, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, OMB, Director,
Statewide Benefits
Faith Rentz, OMB, Statewide Benefits
Vicki Ford, OMB, Financial Operations
Mike Morfe, AON
Mike Casey, AON
Mary Thuresson, OMB, Statewide Benefits
Casey Oravez, OMB, Financial Operations
Brian Maxwell, OMB, Budget Development
Andrew Kerber, Department of Justice
Carolyn Berger, Justice, Supreme Court
Lori Christianson, Controller General's Office
Tom Cook, Acting Secretary of Finance
Stephanie Scola, Department of Finance
Chuck Britton, DHSS, Public Health
Julian Woodall, Department of Insurance
Ed Tos, SEBAC Chair/DOL
Jill Ipnar, PHRST

Tim Barchak, DSEA
Richard Phillip, DSEA
Joseph Morocco, HMS
Drew Brancati, BCBS
Faith Joslyn, BCBS
Katherine Impellizzeri, Aetna
Terry Vreken, Coventry
Mark Malloy, Coventry
L. Gilbert, U of DE
Kathy Corbitt, U of DE
Mary Pat Urbanik, U of DE
Greg Sisofu, Delta Dental
James Testerman, DSEA retired
Steve Smith, DSEA, retired
James Harrison, DSEA retired
Sandy Richards, AFSCME
Vincent B. McCann, AFSCME
Dave Leiter, DHSS, Facilities Op.

Agenda Items Discussed:

Introductions/Sign In

Ms. Visalli called the meeting to order at 1:05 p.m. A reminder was given to those speaking during public comments: two to three minutes allowed for individuals and five minutes for those representing a group. Introductions followed.

Approval of Minutes

Ms. Visalli asked for a motion to approve the July 20, 2009 SEBC minutes. Ms. Christiansen made the motion to approve the minutes and Mr. Woodall seconded the motion. The minutes were approved with unanimous voice vote.

Director's Report

Ms. Lakeman stated the Group Health Program is going to conduct a small scale dependent eligibility audit involving about 1,500 and 2,500 dependents to determine if covered dependents are compliant with the Eligibility and Enrollment Rules. Based on the outcome, an RFP for a statewide eligibility audit may be released.

The current Employee Assistance Program contract with HMS expires June 30, 2010. The Statewide Benefits Office will be releasing an RFP for EAP services on September 28, 2009 for a

new July 1, 2010 contract. A recommendation on the award will be made to the SEBC in early 2010.

As part of the American Recovery and Reinvestment Act of 2009, the HITECH Privacy Provisions that apply to HIPAA include requirements for increased security of protected health information and breach notification. Statewide Benefits is working closely with DTI to be sure security upgrades are in place, particularly for secure email. Additionally, Statewide Benefits is working with Aon and our Deputy Attorney General to modify our business associate agreements and make sure the Group Health Insurance Program is in compliance. Statewide Benefits will be offering an on-line training course for Benefit Representatives to make sure they are aware of the requirements and procedures.

The DelaWELL Health Risk Assessment (HRA) opened on September 15th. HRAs completed in week one were 129 as compared to 3,695 in the first week of last year. Assistance has been requested from the Governor's Office to send a statewide email to employees encouraging their participation in the annual HRA.

The new Maintenance Medication Program went into effect July 1st. The program encourages members to fill maintenance medications in 90 day supplies to avoid financial penalties. Reports from Medco indicate 90 day fill compliance has increased from 56% to 66.8% since the start of the program. This equates to approximately 7% savings per day.

A preliminary report will be submitted next week to the Statewide Benefits Office regarding the duplicate claims analysis being conducted on medical claims by Thompson Reuters. Additional details will be provided at the October meeting.

Ms. Christiansen inquired about the low number of employees participating in the HRA offering. Ms. Visalli stated there is no longer a financial incentive and that may be the cause of lower participation. It was asked if Statewide Benefits could determine if participants in the 2009 HRA offering had participated in past DelaWELL HRA offerings. Ms. Rentz reported that this information could be obtained and that it may be interesting as well to share with the SEBC the statistics on the number of individuals who as a result of completing an HRA, are involved in a coaching program and if they remained engaged in wellness related activities. Follow-up information will be provided at next month's meeting.

House Bill 199 (HB 199)/House Amendment #2 (HA #2) – Developmental Delay Screenings (handout)

Ms. Rentz explained that the HB 199 legislation requires private health insurers in Delaware to cover developmental screenings for infants and toddlers in accordance with recommendations by the American Academy of Pediatrics and the Delaware Early Childhood Council at ages nine months, eighteen months and thirty months. Such screenings are already covered for children in the state's Medicaid program.

House Amendment #2 specifies that the Act will only apply to the state (Group Health Insurance Program) upon an affirmative decision by the State Employee Benefits Committee.

Legislation was signed into law on August 27, 2009 and shall take effect 90 days after enactment.

Prior to passage the following coverage was available: Aetna previously approved and covered testing when ordered by the physician; Blue Cross also covered such screenings when recommended by the physician; however, charges were billed under the exam/visit. Blue Cross is currently making modifications to their claim processing system to allow separate tracking and reimbursement for the testing.

The estimated cost to policyholders of covering these screenings is three cents per member per month. The additional annual cost to the Group Health Insurance Program is \$34,000.

It was recommended:

That the State Employees Benefits Committee extend coverage for developmental delay screenings in accordance with House Bill 199 and House Amendment 2 signed into law on August 27, 2009, to all plans offered by the State Group Health Insurance Program. Such coverage shall become effective no later than December 1, 2009.

Mr. Woodall asked what the \$34,000 cost is based on. Ms. Rentz stated that cost was based on an actuarial projection of three cents each month for each member. Ms. Visalli stated it was a very minimal cost when you consider the potential benefit to a family for early detection and training and as a self insured entity, tracking of the screenings will assist the Group Health Program in identifying problems.

Ms. Visalli asked for a motion to approve the recommendation as presented for HB 199 and HA #2. Ms. Christianson made the motion and Mr. Woodall seconded the motion. The motion carried upon a unanimous voice vote of approval.

Ms. Visalli noted this was an initiative of Lt. Governor Denn.

Health Fund Financials

August Fund and Equity Report – Vicki Ford (handouts - 2)

The Fund and Equity report for the month of August was reviewed and explained. The ending net fund equity balance is negative \$13.5 million. A reminder was given that the SEBC approved a change in the methodology for calculating fund reserve at the July meeting. Ms. Rentz explained that the current negative balance is a result of an approximate \$6.5M increase in the claim liability/minimum reserve and an increase in claims during the last few months. Ms. Visalli noted that because of the recent adjustments in the fund reserve, there are adequate funds to pay claim run out and ensure that the health fund remains solvent.

Fourth Quarter FY09 Financials

These were included as part of the Group Health Program presentation.

Group Health Program Performance/Cost Drivers – Mike Morfe and Mike Casey (handout)

Table of Contents

➤ Financials and Current Status

- FY09 4th Quarter Financial Review
- Open Enrollment Results
- Revised FY 2010 and 2011 Initial Projections
- Long Term Projections at 8% Trend
- ↳ Health Care Review
 - What is Driving Cost?
 - Four Year Claims Analysis
 - Disease Management, Wellness and DelaWELL
 - What Others Are Doing
 - Possible Plan Design Changes
 - Consumerism
 - Consumer Driven Health (CDH) Plans
 - Value Based Plan Designs
 - Quality Initiatives
 - Total Health and Productivity

Supplemental Benefits Program – Brenda Lakeman (handout)

Ms. Lakeman explained that the contracts for Supplemental Benefits are due to expire on June 30, 2010. This includes the administrative contract with Motivano. Under the current structure, each employee receives one general payroll deduction for all supplemental benefits. Challenges include: low participation (less than 2% except for vision), difficulty in determining if benefits are cost effective to employees and program administration diverts Statewide Benefits Office staff away from core benefit administration. The following proposal was presented:

Extend Motivano and Supplemental contracts through June 30, 2011 with the intention of discontinuing all current supplemental benefits with the exception of vision coverage. Department of Justice has advised a contract extension is acceptable.

Launch communication campaign to inform employees that benefits will not continue through the Group Health Insurance Program/PHRST payroll deduction past June 20, 2011.

- Allows employees time to determine alternate coverage/explore options to continue coverage directly with supplemental vendor
- Statewide Benefits has researched the impact of discontinuing supplemental benefits on current coverage:
 - John Hancock and Liberty Mutual have the ability to transition employees/pensioners to direct bill since the benefits are portable. There would not be a change in rates due to a transition to direct bill for John Hancock participants; Liberty Mutual participants would have the option of deciding to continue coverage upon expiration of their policy and upon renewal would no longer receive the 5 to 10% discount currently provided to all State enrollees under the Motivano platform.
 - PetWatch members could also transition to a direct bill method and continue receiving the discount until their current policy expires. If they

choose to renew their policy, the 10% discount currently provided to all State enrollees under the Motivano platform would no longer apply.

- ARAG enrollees would be guaranteed that any outstanding legal issues commenced while the plan was active would be carried through to their completion.

Release a Request for Proposals for employee pay all Vision benefit coverage for FY2012 (July 1, 2011)

Justice Berger asked why the vision RFP could not be released for a July 1, 2010 effective date and termination of all other supplemental benefits as of June 30, 2010. Ms. Lakeman explained that due to PHRST upgrade, changes in payroll deductions and benefit plans could not occur until after July 2010.

Ms. Visalli asked for a motion for approval. Ms. Christiansen made the motion and Acting Secretary Cook seconded. The motion was approved upon a unanimous voice vote.

SEBAC Comment

Mr. Tos gave comments as Chair; however, not on behalf of the SEBAC. He was concerned that the Performance and Cost Driver Report entirely focused on the employee. There are a lot of other moving parts to the equation. If utilization went down by one third in a given year, but costs doubled, we would still see a significant rise in the overall costs. It is possible state employees are being more responsible, are acting more healthy, are utilizing a little less and the health care costs per test/per pill/per doctor office visit are going up drastically and resulting in the actual cost drivers. He urged the SEBC to look across the board at what is driving costs and not just what can be done to state employees to control costs. He suggested analyzing physician charges per patient and charges for surgeries and testing by facility.

Ms. Visalli agreed. The data does exist and further analysis will be done in an effort to break out the utilization cost per service not as cost per disease per employee.

Public Comments

James Harrison – DSEA, retirees, teachers – stated he was representing these nearly 10,000 retirees. His comments were directed toward the non-Medicare retiree group health benefits and his concern that the SEBC may be interested in rating the experience of the non-Medicare population separately from the active population. He made reference to prior discussions regarding Governor Minner's Executive Order Number 67 and stated that keeping this group a part of the active population was important to maintaining affordable healthcare for the non-Medicare retirees.

Ms. Visalli explained that due to the reporting requirements associated with GASB 45 and OPEB, the State must report the experience of the non-Medicare population separate from the experience of the active population and that this reporting should not be misconstrued to be a policy decision with regards to non-Medicare retirees.

Steve Smith – DSEA, retired – stated that as a retiree, once doctors know you have insurance, they no longer treat you as a human being but you become a medical commodity and a means of making money for them. This needs to stop. They often use expensive tests when a less costly test could have been used. Insurance companies need to control this and stop treating people as a commodity.

Dave Leiter – DHSS – State Employee – presented numerous questions about bookkeeping practices within the health fund. He also asked if there were software changes in the state that were incompatible with existing software, thus losing ability to get work done and creating overtime. State employees had a pay reduction, increased costs for health insurance, cuts in life insurance after retirement, demands for higher productivity, etc. When is it going to stop? Lastly, he asked why SEBAC could not legally conduct official meeting via conference call.

Mr. Kerber, the Statewide Benefits Office Deputy Attorney General, explained that under the State's Freedom of Information Act, all public committee's must conduct their business in public and a quorum must be present to constitute a meeting. The recent passage of Senate Bill 104 from the 145th General Assembly may allow public committees to conduct business via video-conference. Additional information about this new technology and how it applies to public committees was unknown.

Other Business

None.

Ms. Visalli asked for a motion to adjourn. Ms. Christiansen made the motion and Mr. Woodall seconded the motion. Upon a unanimous voice approval the SEBC adjourned at 2:33 p.m.

Respectfully submitted,

Mary K. Thuresson
Administrative Specialist
Statewide Benefits Office, OMB